

DIRECT TESTIMONY

of

MIKE OSTRANDER

Accounting Department
Financial Analysis Division
Public Utilities Bureau
Illinois Commerce Commission

Reconciliation of Revenues Collected Under
Fuel Adjustment Charges With Actual
Costs Prudently Incurred

Mt. Carmel Public Utility Company

Docket No. 06-0740

August 31, 2007

1 **Witness Identification**

2 **Q. Please state your name and business address.**

3 A. My name is Mike Ostrander. My business address is 527 East Capitol
4 Avenue, Springfield, Illinois 62701.

5 **Q. By whom are you employed and in what capacity?**

6 A. I am currently employed as an Accountant in the Accounting Department
7 of the Financial Analysis Division of the Illinois Commerce Commission
8 (“ICC” or “Commission”).

9 **Q. Please describe your professional background and affiliations.**

10 A. I received a Bachelors of Business Administration in Accounting from the
11 University of Notre Dame. I am a Certified Public Accountant and a
12 Certified Internal Auditor. I joined the staff of the Commission in March
13 2006. Prior to the Commission, I was employed for three years as a staff
14 accountant in public accounting, seventeen years in private industry with
15 positions ranging from accounting manager to corporate officer
16 encompassing all areas of accounting and internal auditing, and three
17 years as controller of a law firm and software company.

18 **Q. Have you previously testified before this Commission?**

19 A. Yes. I have testified on several occasions before the Commission.

20 **Q. What is the purpose of your testimony in this proceeding?**

21 A. The purpose of my testimony is to report the results of my review of Mt.
22 Carmel Public Utility Company's ("Mt. Carmel" or "Company") 2006 Fuel
23 Adjustment Charge ("FAC") reconciliation as presented by Company
24 witness Philip Barnhard in his Direct Testimony Exhibit 1.0, and the
25 underlying documents which supports the calculations.

26 **Schedule Identification**

27 **Q. Are you sponsoring any schedules with your testimony?**

28 A. Yes. I am sponsoring Schedule 1.1 – Staff Reconciliation of the Fuel
29 Adjustment Charge

30 **Q. Please explain ICC Staff Exhibit 1.0, Schedule 1.1, Staff
31 Reconciliation of the Fuel Adjustment Charge.**

32 A. Schedule 1.1 presents the Company proposed FAC reconciliation, my
33 adjustments to the Company proposed FAC reconciliation, and the
34 resulting Staff proposed FAC reconciliation.
35 My adjustments correct lines 3 and 5 of the Company's proposed
36 reconciliation schedule. Line 3 reflects a refund of \$11,082 received
37 during 2006 from the Department of Energy for restitution of crude oil
38 overcharges for petroleum products purchased from 1973 through 1981.
39 Line 5, 2006 FAC Recoverable Costs, reflects an adjustment to increase
40 costs by \$28, 189 for the impact of revised vendor invoices.

41 **Q. Does the Company agree with your proposed adjustment for Actual
42 Recoverable Costs?**

43 A. Yes, in response to Staff data request MO 1.02 the Company agreed
44 with my proposed adjustment.

45 **Factor Ro**

46 **Q. Does the Staff proposed reconciliation in this proceeding require a**
47 **Factor Ro Collection or Refund?**

48 A. Yes. The FAC reconciliation requires a Factor Ro collection of \$28,189.

49 **Summary**

50 **Q. Do you have any recommendations?**

51 A. Yes. I recommend that the Commission accept the reconciliation of
52 revenues collected under the fuel adjustment charge with actual costs as
53 reflected on ICC Staff Exhibit 1.0, Schedule 1.1. I also recommend that
54 the Commission direct Mt. Carmel to include this collection amount of
55 \$28,189 through the fuel adjustment charge in its first monthly FAC filing
56 following the date of the Order in this docket.

57 **Conclusion**

58 **Q. Does this conclude your direct testimony?**

59 A. Yes.

Mt. Carmel Public Utility Co.
Staff Reconciliation of the Fuel Adjustment Charge
For the year ended December 31, 2006

Line No.	Description (A)	Per Company (B)	Staff Adjustments (C)	Per Staff Columns (B+C) (D)
1	Balance of Factor Ra at 12/31/05 per 2005 Reconciliation	\$ 90,401	\$ -	\$ 90,401
2	2005 Factor Ro (Refunded) during 2006	(4,064)		(4,064)
3	Prior Years Overcharges (Refunded) during 2006	-	(11,082)	(11,082)
4	Balance to be Collected / (Refunded) during 2006 from prior periods (sum of lines 1 to 3)	86,336	(11,082)	75,254
5	2006 FAC Recoverable Costs	4,650,983	28,189	4,679,172
6	2006 FAC Revenues	(3,905,895)		(3,905,895)
7	2006 Base Fuel Cost Revenues	(719,944)		(719,944)
8	Under /(Over)-Recovery for 2006 (sum of lines 5 to 7)	25,144	28,189	53,333
9	FAC Reconciliation Balance at 12/31/06 (line 4 + line 8)	111,480	17,107	128,587
10	Balance of Factor Ra at 12/31/06	100,398		100,398
11	Requested Ordered Reconciliation Factor (Factor Ro) (line 9 - line 10)	\$ 11,082	\$ 17,107	\$ 28,189

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

ILLINOIS COMMERCE COMMISSION	:	
On It's Own Motion	:	
-vs-	:	
MT. CARMEL PUBLIC UTILITY COMPANY	:	06-0740
	:	
Reconciliation of revenues collected under fuel	:	
adjustment charges with actual costs prudently	:	
incurred.	:	

NOTICE OF FILING

TO ATTACHED SERVICE LIST:

YOU ARE HEREBY NOTIFIED that we have, on this 31st day of August 2007 forwarded to the Chief Clerk of the Illinois Commerce Commission for filing in the above-captioned docket, the Direct Testimony of Mike Ostrander of the Financial Analysis Division, Accounting Department, a copy of which is hereby served upon you.



Steven R. Knepler
Supervisor
Accounting Department
527 East Capitol Avenue
Springfield, IL 62701

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT copies of the foregoing Notice, together with the documents referred to therein, were served upon the parties on the attached Service List, by messenger, electronic mail, facsimile and/or first-class mail, proper postage prepaid from Springfield, Illinois, on this 31st day of August 2007.



Steven R. Knepler
Supervisor
Accounting Department

MT. CARMEL PUBLIC UTILITY COMPANY

Docket No. 06-0740

Service List

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ILLINOIS COMMERCE COMMISSION

John D. Albers, Administrative Law Judge
Mike Ostrander, Case Manager, Accounting Department
Steve Knepler, Case Staff, Accounting Department
Donald McGuire, Case Staff, Accounting Department
Greg Rockrohr, Case Staff, Engineering Department